

**AARON & PARTNERS LLP**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 APRIL 2017**

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# AARON & PARTNERS LLP

## LIMITED LIABILITY PARTNERSHIP INFORMATION

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<b>Designated members</b>	Mr C T Pointon Mr T J P Culpin Mr D S M Edwards Mr S E Marsh
<b>Limited liability partnership number</b>	OC307122
<b>Registered office</b>	5-7 Grosvenor Court 117 Foregate Street Chester CH1 1HG
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants One City Place Queens Road Chester CH1 3BQ

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# AARON & PARTNERS LLP

## MEMBERS' REPORT

### FOR THE YEAR ENDED 30 APRIL 2017

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The members present their annual report and financial statements for the year ended 30 April 2017.

#### Principal activities

The principal activity of Aaron & Partners LLP is the provision of legal services in the UK and Europe generally.

#### Fair review of the business

The Members are pleased with the results for the year in particular the strong growth in fee income levels across all areas of activity and the continued growth of our Shrewsbury operations.

As with previous years the Members are pleased to report a continued strong Balance Sheet and cash position reflecting their ongoing commitment to running the partnership in a prudent manner.

The Members believe that profitability is at a satisfactory level which enables the partnership to sustain its investment in new projects, people and opportunities.

#### Members' drawings, contributions and repayments

All Members participate in the firm's profit and share the risks. Drawings by members are determined by Class 1 resolution from time to time.

Members capital requirements are linked to the number of equity points held. Any surplus of capital of a share member after allocation to capital account will be credited to the current account.

Members are required under the terms of the members' agreement to provide capital in proportion to equity points held. Capital is repaid following cessation of membership e.g. retirement, death or expulsion. Profits are divided by reference to agreed prior shares and then based on equity points held.

#### Designated members

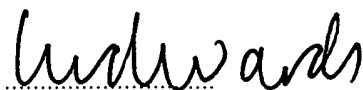
The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C T Pointon  
Mr T J P Culpin  
Mr D S M Edwards  
Mr S E Marsh

#### Auditor


In accordance with the members agreement the Executive Board shall appoint the Auditors for the next ensuing Accounting Period.

On behalf of the members



Mr D S M Edwards

**Designated Member**



# **AARON & PARTNERS LLP**

## **MEMBERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 APRIL 2017**

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The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under the 2008 regulations, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that year.

In preparing those financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure that the financial statements comply with those Regulations. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AARON & PARTNERS LLP

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## Opinion on financial statements

We have audited the financial statements on pages 4 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Graham Bond FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

One City Place

Queens Road

Chester

CH1 3BQ

23/10/17

# AARON & PARTNERS LLP

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2017

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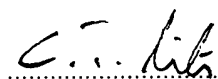
		2017	2016
	Notes	£	£
Turnover	3	8,788,415	7,788,700
Other operating income		4,245	4,000
		<u>8,792,660</u>	<u>7,792,700</u>
Staff Costs		(2,787,955)	(2,402,653)
Depreciation		(58,945)	(58,743)
Other operating costs		<u>(1,843,571)</u>	<u>(1,816,145)</u>
Operating profit	5	4,102,189	3,515,159
Interest receivable and similar income	7	48,150	42,828
Interest payable and similar expenses	8	<u>(6,650)</u>	<u>(37,286)</u>
Profit for the financial year before members' remuneration and profit shares		4,143,689	3,520,701
Members' remuneration charged as an expense	6	<u>(4,143,689)</u>	<u>(3,520,701)</u>
Result for the financial year available for discretionary division among members		<u>-</u>	<u>-</u>

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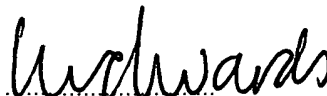
**AARON & PARTNERS LLP****BALANCE SHEET****AS AT 30 APRIL 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Goodwill	9		3,603		4,803
Tangible assets	10		165,945		128,179
			<u>169,548</u>		<u>132,982</u>
<b>Current assets</b>					
Debtors	11	3,443,645		3,327,184	
Cash at bank and in hand		<u>1,944,281</u>		<u>1,719,120</u>	
		5,387,926		5,046,304	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,332,040)</u>		<u>(1,372,441)</u>	
<b>Net current assets</b>			<u>4,055,886</u>		<u>3,673,863</u>
<b>Net assets attributable to members</b>			<u>4,225,434</u>		<u>3,806,845</u>
<b>Represented by:</b>					
<b>Loans and other debts due to members within one year</b>					
Members' capital classified as a liability			2,030,209		2,248,009
Other amounts			<u>2,195,225</u>		<u>1,558,836</u>
			<u>4,225,434</u>		<u>3,806,845</u>
<b>Total members' interests</b>					
Loans and other debts due to members			<u>4,225,434</u>		<u>3,806,845</u>

The financial statements were approved by the members and authorised for issue on 12.10.17 and are signed on their behalf by:



Mr C T Pointon  
Designated member



Mr D S M Edwards  
Designated Member

# AARON & PARTNERS LLP

## RECONCILIATION OF MEMBERS' INTERESTS

FOR THE YEAR ENDED 30 APRIL 2017

	DEBT			TOTAL
	Loans and other debts due to members less any amounts due from members in debtors	Other amounts	Total debt	MEMBERS' INTERESTS
	Members' capital (classified as debt)			Total 2017
		£	£	£
Amounts due to members		1,558,836		
Members' interests at 1 May 2016	2,248,009	1,558,836	3,806,845	3,806,845
Members' remuneration charged as an expense	-	4,143,689	4,143,689	4,143,689
Members' interests after profit for the year	2,248,009	5,702,525	7,950,534	7,950,534
Introduced by members	57,600	-	57,600	57,600
Repayment of capital	(302,400)	-	(302,400)	(302,400)
Drawings	-	(3,480,300)	(3,480,300)	(3,480,300)
Other movements - transfer to capital	27,000	(27,000)	-	-
Members' interests at 30 April 2017	2,030,209	2,195,225	4,225,434	4,225,434
Amounts due to members		2,195,225		
		2,195,225		



# AARON & PARTNERS LLP

## RECONCILIATION OF MEMBERS' INTERESTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

	DEBT			TOTAL
	Loans and other debts due to members less any amounts due from members in debtors	Members' capital (classified as debt)	Other amounts	MEMBERS' INTERESTS
			Total debt	Total 2016
		£	£	£
Amounts due to members		1,337,352		
Members' interests at 1 May 2015	2,308,210	1,337,352	3,645,562	3,645,562
Members' remuneration charged as an expense	-	3,520,701	3,520,701	3,520,701
Members' interests after profit for the year	2,308,210	4,858,053	7,166,263	7,166,263
Introduced by members	137,600	171,200	308,800	308,800
Repayment of capital	(197,801)	-	(197,801)	(197,801)
Drawings	-	(3,470,417)	(3,470,417)	(3,470,417)
Members' interests at 30 April 2016	2,248,009	1,558,836	3,806,845	3,806,845
Amounts due to members		1,558,836		
		1,558,836		

# AARON & PARTNERS LLP

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	18	4,261,916		3,379,872	
Interest paid		(6,650)		(37,286)	
<b>Net cash inflow from operating activities</b>		<b>4,255,266</b>		<b>3,342,586</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(101,904)		(64,205)	
Proceeds on disposal of tangible fixed assets		(1)		-	
Interest received		48,150		42,828	
<b>Net cash used in investing activities</b>		<b>(53,755)</b>		<b>(21,377)</b>	
<b>Financing activities</b>					
Transactions with members and former members:					
Capital introduced by members (classified as debt or equity)		84,600		308,800	
Repayment of capital or debt to members		(302,400)		(197,801)	
Payments to members that represent a return on amounts subscribed or otherwise contributed		(3,507,300)		(3,470,417)	
Transactions with non-members:					
Repayment of bank loans		(251,250)		-	
<b>Net cash used in financing activities</b>		<b>(3,976,350)</b>		<b>(3,359,418)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>225,161</b>		<b>(38,209)</b>	
Cash and cash equivalents at beginning of year		1,719,120		1,757,329	
<b>Cash and cash equivalents at end of year</b>		<b>1,944,281</b>		<b>1,719,120</b>	

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 APRIL 2017

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#### 1 Accounting policies

##### **Limited liability partnership information**

Aaron & Partners LLP is a limited liability partnership incorporated in England and Wales. The registered office is 5-7 Grosvenor Court, 117 Foregate Street, Chester, CH1 1HG.

The limited liability partnerships principal activities and nature of its operations are disclosed in the Members' Report.

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" published July 2014.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### **Going concern**

The financial statements have been prepared on the going concern basis which assumes that the partnership will continue in operational existence for the foreseeable future. The partnership has an operational business generating significant positive cash flow. The members have reviewed and approved financial projections and considered finance available and following this review concluded that it is appropriate to prepare the financial statements on a going concern basis.

##### **Turnover**

Turnover represents amounts chargeable to clients for professional services provided during the year excluding value added tax. Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed.

Turnover also includes appropriate amounts in respect of long-term work in progress as described below, to the extent that the outcome of these contracts can be assessed with reasonable certainty.

Turnover is not recognised where the right to receive payment is contingent on events outside the control of the partnership. Interim billings on account are otherwise not included.

Unbilled revenue is included in debtors as 'Amounts recoverable on contracts'. Amounts billed on account of work in progress are shown as a deduction from gross work in progress, to the extent that they are not recognised as revenue. Amounts billed on account in excess of the amounts recognised as revenue are included in creditors.

If, at the Balance sheet date, completion of contractual obligations is dependent on external factors (and thus outside the control of the Limited Liability Partnership), then revenue is recognised only when the event occurs. In such cases, costs incurred up to the Balance sheet date are carried forward as work in progress.

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

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#### 1 Accounting policies (Continued)

##### **Members' participating interests**

No members are paid under a contract of employment.

The LLP agreement provides that fixed amounts, determined for each member each year, be paid to members. If the aggregate of such fixed amounts exceeds the profits of the LLP available for payment in the year, then such fixed profit shares shall abate rateably. The fixed profit share is accounted for as an expense and is shown as members' remuneration.

The LLP agreement also provides that any remaining profit, after the allocation of fixed profit shares, be used to pay certain members a variable profit share or bonus or allocation based on equity points held. Such payments are also accounted for as an expense and are shown in members' remuneration.

##### **Intangible fixed assets - goodwill**

Goodwill representing the excess of the consideration for an acquired undertaking or acquired trade and assets compared with the fair value of net assets acquired is capitalised and written off evenly over 7 years as in the opinion of the members this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if the events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment & furniture	5 years straight line
Computer equipment	2 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **Impairment of fixed assets**

At each reporting period end date, the limited liability partnership reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the limited liability partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

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#### 1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Financial instruments**

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group entities, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the limited liability partnership are recorded at the fair value of the proceeds received, net of direct issue costs.

# **AARON & PARTNERS LLP**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 APRIL 2017**

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#### **1 Accounting policies (Continued)**

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the limited liability partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits and post retirement payments to members**

###### **Retirement benefits**

The partnership makes contributions to individual pension plans for employees. The pension cost charge represents the amounts payable in respect of the year.

##### **Leases**

Annual rentals under operating leases are charged to profit and loss on a straight line basis over the lease term.

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

##### **Amounts recoverable on contracts**

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contracts activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to the date when the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payment on account is classified as "amounts recoverable on contracts" and included within debtors; to the extent that payments on account exceed relevant turnover and long term contract balances, the excess is included as a creditor.

#### **2 Judgements and key sources of estimation uncertainty**

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Bad debt provision

A provision is made against debtors based on a line by line review.

#### Amounts recoverable on contracts

Provision is made in full against amounts recoverable on contracts in respect of those matters, which are greater than 12 months old, then on a line by line basis to recoverable amounts for all other matters.

### 3 Turnover

An analysis of the limited liability partnership's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Provision for legal services	<u>8,788,415</u>	<u>7,788,700</u>
<b>Other revenue</b>		
Interest income	<u>48,150</u>	<u>42,828</u>
<b>Turnover analysed by geographical market</b>		
	2017 £	2016 £
United Kingdom	<u>8,788,415</u>	<u>7,788,700</u>



# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

#### 4 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

	2017 Number	2016 Number
Fee earners	44	38
Non-fee earners	51	52
	<u>95</u>	<u>90</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,531,974	2,188,702
Social security costs	223,697	190,617
Pension costs	32,284	23,334
	<u>2,787,955</u>	<u>2,402,653</u>

#### 5 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the entity's auditor for the audit of the entity's financial statements	10,500	10,300
Depreciation of owned tangible fixed assets	58,945	58,743
Loss on disposal of tangible fixed assets	5,194	-
Amortisation of intangible assets	1,200	1,200
Operating lease charges	<u>273,902</u>	<u>234,960</u>

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

#### 6 Members' remuneration

	2017 Number	2016 Number
The average number of members during the year was	23	23
	2017 £	2016 £
Profit attributable to the member with the highest entitlement	506,916	418,526
Average members remuneration	180,160	153,074
	2017 £	2016 £
Members' remuneration charged as an expense	1,969,944	1,957,694
Remuneration under participation rights	2,173,745	1,563,007
	4,143,689	3,520,701

The profit attributable to the highest paid member is determined by reference to the established profit sharing arrangements within the partnership.

#### 7 Interest receivable and similar income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	48,150	42,828
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	48,150	42,828

#### 8 Interest payable and similar expenses

	2017 £	2016 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	3,750	6,986
Compensation to clients in lieu of interest	2,900	30,300
	6,650	37,286

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

#### 9 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 May 2016 and 30 April 2017	8,003
<b>Amortisation and impairment</b>	
At 1 May 2016	3,200
Amortisation charged for the year	1,200
At 30 April 2017	4,400
<b>Carrying amount</b>	
At 30 April 2017	3,603
At 30 April 2016	4,803

#### 10 Tangible fixed assets

	Office equipment & furniture £	Computer equipment £	Total £
<b>Cost</b>			
At 1 May 2016	375,074	309,313	684,387
Additions	101,904	-	101,904
Disposals	(10,386)	-	(10,386)
At 30 April 2017	466,592	309,313	775,905
<b>Depreciation and impairment</b>			
At 1 May 2016	246,895	309,313	556,208
Depreciation charged in the year	58,945	-	58,945
Eliminated in respect of disposals	(5,193)	-	(5,193)
At 30 April 2017	300,647	309,313	309,313
<b>Carrying amount</b>			
At 30 April 2017	165,945	-	165,945
At 30 April 2016	128,179	-	128,179

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

#### 11 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,209,023	2,030,170
Amounts recoverable on contracts	832,113	760,468
Other debtors	3,500	3,590
Prepayments and accrued income	399,009	532,956
	<u>3,443,645</u>	<u>3,327,184</u>

#### 12 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	13	-	251,250
Trade creditors		316,624	350,052
Other taxation and social security		563,161	432,229
Other creditors		275	160
Accruals and deferred income		451,980	338,750
		<u>1,332,040</u>	<u>1,372,441</u>

#### 13 Borrowings

	2017 £	2016 £
Bank loans	<u>-</u>	<u>251,250</u>
Payable within one year	<u>-</u>	<u>251,250</u>

The bank loan of £251,250 was unsecured and interest only loan which expired on 30 September 2016.

The amounts included above of £Nil are payable in less than one year (2016: £251,250 due in less than one year).

#### 14 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>3,044,636</u>	<u>2,794,228</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>768,879</u>	<u>940,212</u>

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

#### 15 Retirement benefit schemes

##### Defined contribution schemes

The limited liability partnership operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the limited liability partnership in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £32,284 (2016 - £23,334).

#### 16 Loans and other debts due to members

	2017 £	2016 £
<b>Analysis of loans</b>		
Amounts falling due within one year	4,225,434	3,806,845

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

#### 17 Members' interests

Members are required under the terms of the members' agreement to provide capital in proportion to equity points held. Capital is repaid following cessation of membership e.g. retirement, death or expulsion. Profits are divided automatically based on equity points held.

#### 18 Cash generated from operations

	2017 £	2016 £
Profit for the year	4,143,689	3,520,701
Adjustments for:		
Finance costs recognised in profit or loss	6,650	37,286
Investment income recognised in profit or loss	(48,150)	(42,828)
Loss on disposal of tangible fixed assets	5,194	-
Amortisation and impairment of intangible assets	1,200	1,200
Depreciation and impairment of tangible fixed assets	58,945	58,743
Movements in working capital:		
(Increase) in debtors	(116,461)	(253,492)
Increase in creditors	210,849	58,262
<b>Cash generated from operations</b>	<b>4,261,916</b>	<b>3,379,872</b>

# AARON & PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2017

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#### 19 Operating lease commitments

##### Lessee

At the reporting end date the limited liability partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	196,983	188,761
Between two and five years	300,171	322,620
In over five years	4,333	59,500
	<u>501,487</u>	<u>570,881</u>

#### 20 Related party transactions

During the year rent was paid under a formal lease agreement to the owners of one of the properties who include one of the members of Aaron & Partners LLP, Mr D S M Edwards and various members personal SIPP's. Rent paid amounted to £84,700 (2016: £84,700) and there are no balances outstanding at the year end (2016: £Nil).

The total remuneration of the members of the LLP who are considered to be the key management personnel of the LLP was £4,143,689 (2016 - £3,520,701).

#### 21 Controlling party

The LLP is controlled by its members as delegated to the Executive Board and as such there is no one controlling party.